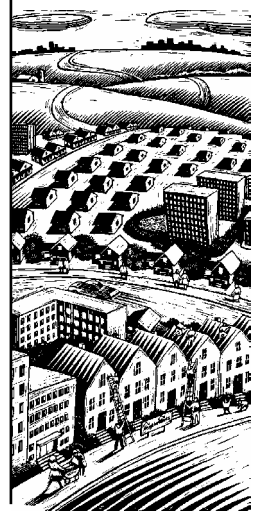




Homebuyer Education and Counseling: A Start-Up Guide

May 1999

Neighborhood Reinvestment Corporation
NeighborWorks® Campaign for Home Ownership



**NEIGHBORHOOD REINVESTMENT CORPORATION,
THE NEIGHBORWORKS® NETWORK AND
THE NEIGHBORWORKS® CAMPAIGN FOR HOME OWNERSHIP**

Neighborhood Reinvestment Corporation was established by an act of Congress in 1978 (Public Law 95-557). A primary objective of the Corporation is to increase the capacity of local, community-based organizations to revitalize their communities, particularly by expanding and improving housing opportunities.

These local organizations, known as NeighborWorks® organizations, are independent, resident-led, nonprofit partnerships that include business leaders and government officials. All together they make up the NeighborWorks® network.

The NeighborWorks® Campaign for Home Ownership is the largest national initiative of its kind: a joint effort by private industry and government working with community-based NeighborWorks® organizations to bring more families into home ownership. NeighborWorks® organizations participating in the campaign use the NeighborWorks® Full-Cycle LendingSM system. Under this system, prepurchase education, innovative loan products and early-intervention delinquency counseling are combined into a system that helps create successful homebuyers who take charge of their neighborhoods as well as their homes.

This publication, *Homebuyer Education and Counseling: A Start-Up Guide*, was written by Christi Baker, consultant, and Doug Dylla, Neighborhood Reinvestment. Acknowledgment is given to Chattanooga Neighborhood Enterprise (Tennessee), Neighborhood Housing Services of Great Falls (Montana) and Ithaca Neighborhood Housing Services (New York) for sharing information. For reprint permission, contact the NeighborWorks® Campaign for Home Ownership 2002 at (607) 273-8374.

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INTRODUCTION

Background Information

In an earlier era, traditional American families were successful in purchasing homes by achieving three objectives: working hard, budgeting prudently, and saving regularly. However, for an increasing number of families there are more and more obstacles to success for each of these objectives:

- There has been a steady erosion in the number of affordable housing units available, while the number of low- and moderate-income families continues to increase.
- The employment market continues to change, with a decrease in the number of well paying skilled jobs and an increase in lower-paying, service-sector jobs.
- On a national basis, over 20 percent of our households devote at least one-half of their income to housing. Two-thirds of the poor pay at least half of their income for housing.
- The advent of convenient credit for consumer spending has too many people in the credit trap before they have developed skills and life habits to manage this resource.
- The affordability problem has crept steadily up the income ladder, past the poor and the near poor and well into the middle class. So for an increasing number of consumers, successful entrance to the housing market means overcoming more obstacles than they have developed skills to handle.
- The increasing complexity and costliness of the home-purchase process intimidates most customers, regardless of age, ethnicity or income.

Experience Has Taught Us

Collectively, our experience in the NeighborWorks® Campaign for Home Ownership tells us that about 50 percent to 75 percent of the applicants we see for any of our lending programs are ineligible for a loan, even by our adjusted criteria. However, of these, we believe that half could successfully apply for home-improvement loans or homeowner mortgages if they understand how to clean up bad credit, manage a budget for long-term goals, and the process of finding and buying a home.

Increasing home-ownership levels is a key strategy for improving the neighborhoods we serve.

Financial institutions have developed new, flexible products to serve the low- to moderate-income market, and are becoming increasingly willing to work with community-based nonprofit organizations to design additional products which the community-based nonprofit organization manages. These are designed to meet the gap between the target neighborhood's affordable housing needs and conventional lending products.

A NeighborWorks® organization needs mortgage origination products as both a service vehicle and as an important production tool.

The underserved market for home ownership is characterized by:

- First-time, often first-generation homebuyers;
- Buyers at 50 percent to 80 percent of median income;
- Stable work records and good rent-payment histories;
- Imperfect credit histories with hospital judgements, defaulted student loans, and problems stemming from divorce;
- About half the market are female heads-of-household, with two to three children; the other half are couples with children; and
- Some savings history but still insufficient for both the required down payment, fees and closing costs.

In costing out buyer recruitment, two factors are apparent. First, many people have to be recruited and counseled in order to produce a successful homebuyer. Secondly, in addition to moving forward with those buyers eligible and wanting to buy, NeighborWorks® organizations invest time in working to develop near-eligible families into eligible buyers who may or may not purchase in the near future.

Research has shown that community-based nonprofit organizations have to get in the door an average of four to eight families to produce one homeowner, counsel these families, determine their eligibility, and often develop a plan of corrective action to enable one of them to be homebuyers at a later date. Typically, the prepurchase counseling ranges from information about the process, players, products and loan qualification requirements to a range of financial skill development which requires long-term, life-style changes.

Research shows that typical costs per closed loan for community-based nonprofit organization are approximately as follows:

Marketing, Advertising and Recruiting	\$900		
Homebuyer Education and Counseling	\$300		
Loan Processing, Underwriting and Servicing	\$1,000		
Postpurchase Education	\$150	TOTAL	\$2,350
With Rehabilitation Services:			
Construction Management	\$1,300	TOTAL	\$3,650

HOMEBUYER EDUCATION PROGRAMS

Overview

Homebuyer and home-ownership counseling (pre- and postpurchase) is provided primarily through individual counseling sessions or in group settings (workshops). Workshops can be short-term (Homebuyers' Express or "Fast Track") or long-term (HomeBuyers Club). Here is a brief overview of the basic methods:

Orientation

Clients contact the organization for information. In order to be cost effective, it is recommended that NeighborWorks® organizations offer a group orientation session for potential participants on the organization's home-ownership services and products. A one- or two-hour orientation session will allow for participants to self-select into the different tracks of homebuyer education according to their readiness.

HomeBuyers Express (HBX) or "Fast Track" Workshops

HBX workshops generally work best for customers with fairly minor obstacles. Usually, the obstacles can be resolved within a month or two. HomeBuyers Express Workshops are an excellent way to provide a large number of "near ready" customers with the information needed to quickly move them to home ownership. HBXs consist of eight or more hours of homebuyer education in four to six intensive workshops.

HomeBuyers Club Workshops (HBC)

HBCs are aimed at families facing obstacles to home ownership that can not be resolved in a few months. HBCs cover the same information as HomeBuyers Express, but spread the material over a longer period of time, which helps families correct credit problems or save down payments. HBCs are thorough and provide useful group support. HBCs include 12 or more hours of homebuyer education and typically run three to 12 months.

Individual Counseling

Individual counseling supplements other kinds of homebuyer education by focusing on problems and issues that are specific to a particular homebuyer. The sessions generally include information on budgeting, developing a savings plan, credit issues and repairing credit, and selecting a home.

A combination of the above counseling components proves to be the most effective homebuyer education. HBXs and HBCs develop quality homebuyers in great quantity, which can significantly increase neighborhood home ownership and stability. Additionally, individual

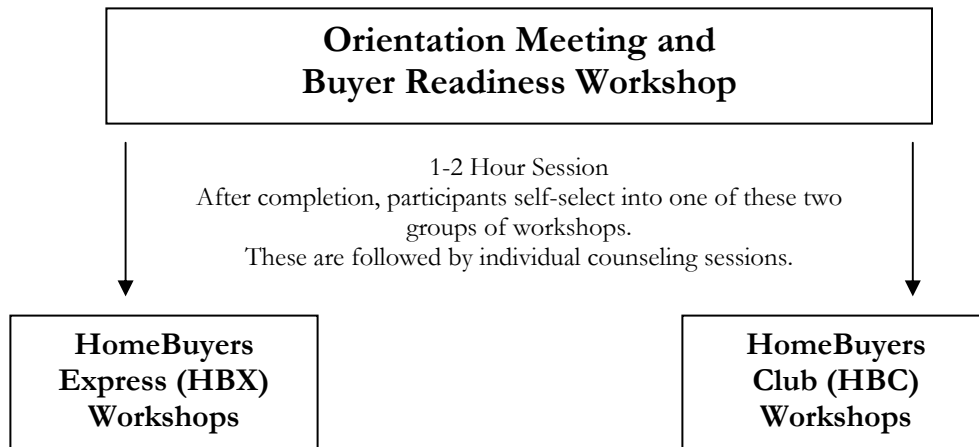
counseling (i.e., “private tutoring”) provides the necessary personal attention that a client needs to address his or her own issues.

The model homebuyer development program consists of an Orientation, HomeBuyers Express Workshops and/or HomeBuyer Clubs Workshops, supplemented by individual counseling.

OVERVIEW OF THE HOMEBUYER EDUCATION PROCESS

CONSIDERATIONS	PROCESS STEPS	KEY PLAYERS
	PLANNING	
<i>Who is your target market?</i> <i>Will you offer incentives?</i> <i>What networking opportunities exist?</i> <i>Where's the best location for sessions?</i> <i>Have you "costed out" the services?</i>	<ul style="list-style-type: none"> Define mission and goals Select oversight committee Target audience and level of services Develop budget and funding Develop coordinator's job description 	Executive Director Housing/Loan Counselor Fundraising Coordinator Board (for approval)
	OBTAIN RESOURCES	
<i>Will existing funding or programs be jeopardized?</i>		Board Executive Director Fundraiser
	RECRUIT HOMEBUYER COORDINATOR	
<i>Can it be done with existing staff?</i> <i>If so, at what level?</i> <i>What are the pitfalls?</i>	<ul style="list-style-type: none"> Hire new staff person, or Use existing staff (if feasible) 	Housing/Loan Counselor Executive Director
	ORIENT STAFF AND COMMITTEE	
<i>How much additional time will be needed from rehab specialist (for inspections, etc.)?</i> <i>What data should be tracked?</i>	<ul style="list-style-type: none"> Orient rehab specialist, receptionist, etc. Set up tracking and evaluation procedures 	Housing/Loan Counselor Executive Director
	RECRUIT AND TRAIN VOLUNTEERS	
<i>What sessions might volunteers teach?</i> <i>Do volunteer instructors need training?</i> <i>What networking opportunities exist?</i>	<ul style="list-style-type: none"> Select areas of expertise Provide supplementary material 	Housing/Loan Counselor
	RECRUIT POTENTIAL HOMEBUYERS	
<i>Where are "good places" to recruit?</i> <i>What customers should banks (and others) be encouraged to refer?</i>	<ul style="list-style-type: none"> Market to home seekers Establish a "pipeline" 	Housing Counselor Receptionist Outreach Coordinator Realtors and Bankers Other Agencies
	ORIENTATION WORKSHOP	
<i>What will be the screening guidelines?</i> <i>What agencies can you refer people to?</i>	<ul style="list-style-type: none"> Placement or self-selection into HBX or HBC Drop or refer to other agency 	Housing/Loan Counselor

Recommended Homebuyer Education Models



Model Details

HomeBuyers Express Workshop	HomeBuyers Club Workshop	Drop/Refer to Others
<i>8+ Hours, 4 - 6 sessions</i> <i>Qualifications:</i> <ul style="list-style-type: none">▪ “Near-Ready”▪ No major obstacles▪ One or two minor problems <i>Minimum Standards/ Curriculum Content</i> <ul style="list-style-type: none">▪ Assessing Readiness to Buy<ul style="list-style-type: none">▪ Owning vs. renting▪ Debt to income ratios▪ Employment stability▪ Selecting a Home<ul style="list-style-type: none">▪ Realtors▪ Purchase contracts▪ Types of houses▪ Financing a Home<ul style="list-style-type: none">▪ Process▪ Loans and mortgages▪ Mortgage assistance programs▪ Budgeting and Credit<ul style="list-style-type: none">▪ Credit reports and credit repair▪ Affordability issues▪ Successful money management▪ Lender qualification▪ Maintaining a Home/Finances<ul style="list-style-type: none">▪ Mortgage obligations▪ Home maintenance repairs▪ Contractors▪ Community involvement	<i>12+ hours in 3 - 12 Months, 6+ sessions</i> <i>Qualifications:</i> <ul style="list-style-type: none">▪ Problem will take over 3 months to resolve▪ One or two major problems or “Life Skill” problem▪ Need ongoing and/or group support to make it▪ One or two minor problems <i>Curriculum/ Content</i> <ul style="list-style-type: none">▪ Assessing Readiness to Buy▪ Selecting a Home▪ Financing a Home▪ Budgeting▪ Credit▪ Saving▪ Maintaining a Home/Finances	<i>Qualifications:</i> Help needed is beyond the current capacity and resources of the NWO.

RECOMMENDED FOR HOMEBUYER EDUCATION

The purpose of recommending standards for homebuyer education in the Campaign for Home Ownership is:

- To establish a national standard for the homebuyer education process which helps potential homebuyers to be well prepared to become successful homeowners;
- To ensure that the fundamental curriculum incorporated into home-ownership training programs is conducive to producing good loan customers and responsible homeowners;
- To develop and use high-quality training materials;
- To have foreclosure and delinquency rates that meet industry standards; and
- To use quality home-ownership program coordinators and educators.

Minimum Standards

- Trainers who have received staff training certification from Neighborhood Reinvestment in Homebuyer Education;
- Homebuyer education occurring before the borrower has signed a purchase contract;
- Use of the NeighborWorks® manual *Realizing the American Dream* or a comparable manual in classes;
- The content, delivery and format of homebuyer training is tailored to meet the needs of the participants (rather than a one-size-fits-all approach);
- Group orientation for potential participants to the organization's home-ownership services and products, which allows for self-selection into the different tracks of homebuyer training according to buyer readiness;
- HomeBuyers Express or "Fast Track" workshops for near-ready participants that entail eight to 12 hours of training;
- HomeBuyers Club workshops for participants who need assistance with down payment, budgeting or credit issues, that entail 12 or more hours of education over three to 12 months;
- A core curriculum which includes topics on assessing buyer readiness, successful budgeting, credit issues, selecting a home, the mortgage process, the closing process, and maintaining a home;

- Counseling sessions with prospective homebuyers to work on individual issues and personalized work plans; and
- A certificate awarded to participants upon successful completion of the NeighborWorks® homebuyer training.

PROPOSED CRITERIA FOR NEIGHBORWORKS® FULL-CYCLE LENDINGSM

Prepurchase Education and Counseling

In-depth group training on the home-purchase process, one-on-one counseling for individualized problem solving, and borrower support throughout the underwriting and processing of the loan.

Desired Results

- Customers who understand and can manage the homebuying process in their own self-interest.
- No foreclosures and a delinquency rate that meets industry standards.
- Successful home ownership for customers not previously served by traditional lending institutions.
- Homeowners prepared to be good neighbors.

Minimum Criteria

- Implementation of a homebuyer education program that meets the curriculum standards of the NeighborWorks® Campaign for Home Ownership.
- Program coordinators and educators who meet staff certification requirements of Neighborhood Reinvestment Training Institute's Homebuyer Education Certificate.

Recommended Practices

- Group orientation for all customers of the organization's services and products.
- Screening process which includes at least one individual meeting to discuss their personal barriers to home ownership and the options available for successful resolution of these barriers.

- Education curriculum should emphasize personal involvement of the homeowners in the life of the community, successful budget management, foreclosure prevention, and home maintenance.
- Marketing designed to reach the “near ready,” working customers.
- Systematized cost accounting to allow for accurate cost recovery of this component of customer service.

Referral Cities

- Asheville (Lunch and Learn)
- Great Falls (Lunch and Learn)
- Chicago (Saturday Seminars)
- Richmond (Integrates teaching in neighborhoods)
- Chattanooga (FasTrak and Life Skills)
- Lafayette, Ind. (Fannie Mae Guide)
- Minneapolis (Buyer development system)

Audience for Training

While homebuyer training can be used effectively for a wide spectrum of potential homebuyers, the targeted audience for the types of training are:

- Potential homebuyers who are near-ready, with no major problems or easily correctable minor problems, for HomeBuyers Express workshops;
- Families facing obstacles to home ownership that can not be resolved within a few months for HomeBuyers Clubs; and
- Anyone who receives a purchase assistance loan from the NeighborWorks® organization or participating lender or uses a Campaign mortgage product

Core Curriculum

This is a results-oriented training which entails a minimum of eight hours of group training along with individual counseling sessions as necessary. Homebuyer training can be broken down into core curriculum topics, but should always include an initial orientation and overview of the home

purchase process; an in-depth analysis of the potential homebuyer's personal and financial situation; details about house selection, the financing process, the closing, and other key issues of the homebuying process; and postpurchase concerns, such as home maintenance and community involvement. A suggested outline for the core curriculum topics is:

1. Assessing Readiness to Buy a Home
2. Budgeting and Credit
3. Financing a Home
4. Selecting a Home
5. Maintaining a Home and Finances

It is important that all of these topic are adequately covered and presented in a logical order, though not necessarily in the same order as outlined here.

EXPANDED CURRICULUM

TOPIC #1 ASSESSING READINESS TO BUY

Objective: To arouse interest in home ownership and present realistic scenarios.

Outcome: Participants who view home ownership as an attainable goal after weighing desire, cost, and responsibilities of home ownership.

Key Points:

- A brief overview of the home-purchase process
- The advantages and disadvantages of renting versus owning a home
- Possible barriers to home ownership
- Calculations and assessments of current debt-to-income ratios
- Income stability and employment issues
- Information on obtaining a copy of a credit report

TOPIC #2 BUDGETING AND CREDIT

Objective: To develop an informed homebuying consumer

Outcome: Participants who know:

- Their current financial status
- How much they can afford
- How to increase their borrowing power
- How to budget and get the most “bang for the buck”
- How to address obstacles to home ownership
- How to develop a financial corrective action plan
- How to prequalify for a mortgage loan

Key Points:

- An overview of credit and credit reports
- Assessment of individual credit reports
- Steps to repair credit
- Affordability issues, such as savings, down payment, debt-to-income/housing ratios
- Development of a financial résumé
- Individualized follow-up (at discretion of trainer)
- Successful money management and setting up a realistic budget
- Early warning signs of debt problems
- Pros and cons of refinancing for debt consolidation
- Basics of lender qualification

TOPIC #3 FINANCING A HOME

Objective: To select appropriate financing according to the borrower's financial profile and ability to afford a mortgage long-term.

Outcome: Participants who understand the key components of the loan-mortgage process:

- Loans, mortgages, closings
- The importance of timely payments
- Financing opportunities for low- and moderate-income families

Key Points:

- Overview of the home-purchase process
- Loans, mortgages, and the lender's perspective
- Preparation for closing costs
- Non-conventional loans and special mortgage assistance programs
- NeighborWorks® organization services and advantages of working with the local organization/participating lender
- What to do if a loan is denied

TOPIC #4 SELECTING A HOME

Objective: For the participant to select and offer to purchase a home for which he or she can qualify and afford over the term of the proposed mortgage.

Outcome: Participants who know:

- How to search for a home
- How to work with Realtors
- Key things to inspect in a house to estimate future maintenance costs
- Purchase contracts and how to make an offer

Key Points:

- Types of houses: pros and cons of single family vs. duplex
- The search for the right house: balancing dream vs. reality
- Using Realtors and other ways to search for a house
- House inspections: "red flag" issues and when to call in an expert
- Purchase contracts and negotiating a offer
- When to retain an attorney
- Neighborhood evaluation and advantages of the target neighborhood

TOPIC #5 MAINTAINING A HOME AND FINANCES

Objective: For the new homeowner to successfully handle ongoing responsibilities of home ownership and to be involved in the local community.

Outcome: Participants who understand the responsibilities that accompany home ownership:

- Home repair and maintenance issues
- Mortgage obligations
- Neighborhood involvement

Key Points:

- Protecting your investment (insurance issues, smoke detectors, etc.)
- Home maintenance and repairs that homeowners can do
- Selecting and working with contractors
- Value-added improvements
- Being a good neighbor and being involved with the community
- Home equity loans, appraisals, and property tax issues
- What to do if you can't make a payment

OPTIONAL TOPICS

- Landlord Training
- Home Maintenance Training
- Resident Leadership Development

STEPS TO GET STARTED

The first five steps should be developed by the director (with the help of Neighborhood Reinvestment, if desired by the director) and presented to Program Services Committee for discussion and input. If approved, they should be brought to the board meeting as a recommendation for implementation.

Planning Steps

1. Decide on purpose of homebuyer education services program as it relates to the NeighborWorks® organization's mission
2. Develop levels of homebuyer services to be offered, sequence of phasing, and a program description
3. Develop a budget
4. Develop a fund-raising plan
5. Develop a job description for the homebuyer coordinator

Program Development

If the board approves the implementation of the program, the organization should do the following:

6. Hold a fundraiser
7. Recruit and hire a coordinator
8. Orient to community-based nonprofit organization and the homebuyer education services program
9. Organize the curriculum
10. Develop a marketing/outreach plan

Program Implementation

11. Organize the classes to be offered
12. Recruit and train volunteer assistants or panelists (if needed)

13. Recruit participants for HomeBuyers Express or HomeBuyers Club

14. Start workshops or clubs

SUCCESSFUL HOMEBUYER EDUCATION

Key Components

- Consistent with community-based nonprofit organization's mission
- The support of executive director and board
- A “quality coordinator”
 - Having the right coordinator is critical to the program's success.
- An appropriate curriculum
- A steady stream of potential homebuyers
 - Good outreach and marketing of the program into the targeted neighborhood is crucial.
 - A defined niche.
- Appropriate funding
 - Do you need a full-time person or a part-time person? Is the program properly funded?
- Appropriate loan products
 - Will affordable financing be available after participants “graduate” from the program?
 - Are rehab loans available?
- Available houses within the targeted neighborhood
 - Crime, drugs and safety in the neighborhood may need to be addressed as they may deter potential homebuyers.
- Good customer tracking and data collection; good management information systems
- Quality control: ongoing monitoring, evaluation and refinement

WHAT CAN WE EXPECT TO ACHIEVE BY OFFERING HOME-OWNERSHIP COUNSELING SERVICES?

Development of group education programs is becoming a practical necessity because community-based nonprofit organizations with home-ownership lending programs are experiencing an influx of people who want to own their own homes, but are in many stages of readiness. It quickly becomes impractical and unaffordable to work with so many individually.

What can we expect for the neighborhood?

- An increase in the number of homeowners. More of the neighborhood residents will be able to buy homes and become property taxpayers and consumers of conventional lending sources.
- An increase in the numbers of homeowners who are caring for their homes, yards and families, and who will work together to improve the quality of life in their community.

What can we expect for the consumer?

- Realization of a lifelong dream — **a home**.
- Behaviors and new skills which focus on achieving long-term goals.
- Savings and access to conventional lending services.
- Knowledge about credit, lending, finding and buying a home, maintaining a home, and working in a neighborhood.

What can we expect for the community-based nonprofit organization?

- More stable target communities due to higher home ownership levels.
- More people eligible for products and services of the NeighborWorks® organization.
- More people eligible for conventional lending services in the long term.
- Increased organizational capacity.
- Increased production figures through a more stable “pipeline.”
- Relatively low-cost service.
- Better, stable borrowers.

What are the indicators of success?

- Purchase of a home
- Behavior changes
 - Developing realistic goals
 - Goal-directed behaviors
 - Understanding the intentionality of decisions
 - Saving for down payment and closing costs

Any of these behaviors by themselves constitutes a success. Several or all result in substantial empowerment of a customer to take purposeful control of his or her life.

What does it cost?

The major costs of homebuyer education programs are the staffing costs, plus some incidental overhead associated with meeting supplies, light refreshments, and field trips (if desired).

What is the start-up time?

The start-up time for homebuyer education programs ranges from four to 10 months. Factors affecting start-up time are:

- Availability of funding
- Hiring and training of a staff person
- Curriculum organization
- Outreach efforts

SAMPLE BUDGETS

	“Fast Track” Workshops Estimated Costs (\$)	HomeBuyers Club Workshops Estimated Costs (\$)
Staff Time	36,000	36,000
Benefits	6, 500	6,500
Overhead Pro Rata	16,800	16,800
Advertising and/or Marketing	3,390	3,390
Materials and/or Printing (\$15/person)	2,700*	450**
Refreshments (\$2/person/meeting)	1,440*	360**
Miscellaneous	500	500
Total	\$67,330	\$64,000

Note: Neither budget assumes a pro rata share of the executive director’s salary for supervision, which should be included for true costs.

* These costs are based on 12 four-session workshops with 15 participants each.

** These costs are based on two six-session workshops with 15 participants each.

SAMPLE JOB DESCRIPTION

Home-Ownership Counselor

The home-ownership counselor's goal is to provide organized opportunities to residents of Our town, USA to acquire the critical skills, knowledge, and confidence to buy and maintain a home. Philosophically, NeighborWorks® organizations work to teach skills to access and use the commercial systems already in place within the community whenever possible. Additionally, they work, as organizations, to develop products and systems within the community which extend credit and services to more residents of the community within the field of housing.

Responsibilities

- Organize workshops and HomeBuyers Clubs
- Develop a marketing and/or outreach plan
- Recruit members
- Interview and select members for appropriate programs based on individual needs and state of readiness
- Set up pre- and postpurchase individual counseling sessions
- Develop individualized goal plans with members
- Prepare the curriculum or meeting series, adapting it to the group's special situation and resources
- Secure a meeting place
- Prepare agendas, handouts and working materials
- Secure and orient appropriate speakers
- Schedule field trips
- Schedule and notify members of meetings
- Facilitate meetings
- Become familiar with local financing programs
- Evaluate the meetings and members' progress
- Determine preapplication eligibility

- Monitor expenses against budget
- Maintain client and program files
- Develop reporting systems

Experience and Qualifications

Prefer college degree and demonstrated skills and experience in the following areas:

- Adult training experience
- Consumer lending and financial programs, teaching, counseling and/or mentoring
- Community-based nonprofit experience
- Good writing and communication experience
- Successful skills in working with people of diverse backgrounds
- Ability to use basic computer applications

Personal Qualities

- Highly self-motivated and able to work independently as well as work as part of a team
- Creative and practical; possessing strategic problem-solving skills
- Attentive to details
- Able to learn new skills
- Willing to work evenings and flexible hours
- Good with people

Salary and Benefits

- Salary Description
- Benefits Description

SAMPLE SCREENING PROCESS

Chattanooga Neighborhood Enterprise (CNE)

1. Person calls CNE...
 - Automated info line gives caller basic information; if caller is interested, then
 - Secretary invites them to orientation, and sends them:
 - *a guide to the loan process*
 - *a personal profile application*
2. A credit report is pulled on the person...
 - Person is prequalified for a loan amount based on credit report and profile.
3. If there are no problems, person is told to find a property based on amount they have been prequalified for...
 - Person must attend the “CNE FasTrak” prepurchase counseling.
4. FasTrak consists of two four-hour sessions (workshops).
 - It is geared toward those who have had no problems or have overcome their problems.
 - FasTrak is the minimum counseling required.
 - Anyone obtaining a loan must first complete the two prepurchase sessions.
 - FasTrak uses the CNE’s FasTrak to Homeownership manual.
5. If there is a problem (credit, high debts, etc.), person is referred to counselor for one-on-one, long-term budget and credit counseling. He or she is referred to the origination department for short-term budget and credit counseling. If additional counseling is still needed:
 - He or she is referred to the appropriate Life Skills module(s).
6. There are six Life Skills modules. Each module consists of five sessions.
 - The modules are geared toward those who have problems (credit, high debts, etc.).
 - When applicants complete the necessary module(s) and are ready to buy, they must still attend the mandatory FasTrak workshop.
7. The Basic Skills module teaches how to manage personal and household finances. It covers:
 - Banking
 - Balancing a checking account
 - Developing a personal savings family plan
 - Budgeting
 - Good and bad use of credit
8. CNE also has a Postpurchase Module that teaches basic home repair skills.
9. The same group of people remain together as they move through the modules.

SAMPLE ORIENTATION SESSION

Great Falls NHS Noon Home-Ownership Sessions

“Brown Bag C Lunch and Learn” Agenda:

- I. Welcome and Introductions**
- II. Description and Mission of NHS**
- III. Why Own a Home?**
 - A. Advantages
 - B. Disadvantages
- IV. What Does the Lender Look At? Are You a Good Risk?**
 - A. Credit
 - 1. Divorce
 - 2. Bankruptcy
 - 3. Collections
 - 4. Nontraditional credit
 - B. Stable and Verifiable Income
 - 1. Seasonal Employment
 - 2. Child Support
 - C. Debt Ratio (work sheet provided)
- V. How Much are the Monthly Payments?**
 - A. Examples of payments on various price houses
 - B. Escrow of taxes and insurance
 - C. Effect of interest rate on affordability
- VI. Home-Ownership Programs**
 - A. NHS–Owners In Partnership (new home program)
 - B. Current and future NHS loan products and down-payment assistance
 - C. Lender loan products
- VII. What are Prepayables?**
- VIII. What About My Credit Record?**
 - A. How to obtain it
- IX. Working with a Realtor**
- X. HomeBuyers Clubs**
 - A. Overview
 - B. Next orientation session
- XI. Questions**

SAMPLE CURRICULUM FOR HOMEBUYERS EXPRESS OR “FAST-TRACK” WORKSHOPS

Realizing the American Dream

This program is designed for consumers who are credit-ready to purchase a home and need information on how to find and purchase a home and negotiate a loan. These are weekly seminars consisting of four 2- to 4-hour seminars utilizing area Realtors, lenders and others as resources.

Session I

Topic 1: Assessing Readiness to Buy a Home

This session is designed to arouse participants’ interest in home ownership and provide a brief overview of the home-purchase process. Participants learn to view home ownership as an attainable goal after weighing desire, cost and responsibilities of home ownership. Information on calculating and assessing debt-to-income ratios and obtaining credit reports is covered in this session.

Session II

Topic 2: Selecting a Home

This session enables participants to select and offer to purchase a home for which they can qualify and afford over the term of the proposed mortgage. Participants learn the different types of houses and working with Realtors to search for them. The session also covers inspections and purchase contracts.

Session III

Topic 3: Financing a Home

This topic focuses on selecting the appropriate financing according to borrower’s financial profile and ability to afford a mortgage over the long term. Participants will understand all of the key components of the loan mortgage process, including loans, mortgages and closings. Information on mortgage assistance programs is provided in this session.

Topic 4: Budgeting and Credit

This topic gives an overview of credit and credit reports and other affordability issues. Participants learn how to develop financial resumes and how to set up a realistic budget.

Session IV

Topic 5: Maintaining a Home and Finances

This session covers the roles and responsibilities of a new homeowner. It addresses home maintenance and repairs and the selection of contractors. The session also stresses the importance of the mortgage obligation and community involvement.

SAMPLE HOMEBUYERS CLUB INFORMATION SHEET

Ithaca NHS (Ithaca, NY)

1. What is a “HomeBuyers Club?”

The HomeBuyers Club is an educational, self-supporting process that helps to build responsible homeowners by providing them with information that, along with their own determination and self-sacrifice, enable them to become homeowners and to improve their quality of life.

2. How does it work?

A group of 10 to 15 pre-screened, potential home-purchasers commit to meeting together regularly for six to 12 months under the supervision of a coordinator or group leader. Each session is 90 minutes long, and is facilitated by a qualified presenter. Clubs may meet once a month for six months or less (“fast track”) for those with minor barriers and up to two years (“slow track”) for those with major obstacles. The purpose is to provide ongoing support — to motivate, encourage and assist participants in overcoming their barriers to purchasing a home.

3. Some organizations already offer home-ownership classes. How is an HBC different?

Most home-ownership counseling is limited in the amount of ongoing support and follow-up. Clients are “given the information and told what to do.” In HBCs, clients not only are informed of the changes that are needed; they are given helpful tools, group support, and ongoing support in order to help them reach their goal. **They discover they aren’t all alone.** Goals are set and monitored and continual feedback and encouragement flows from the group. Small successes are celebrated and built upon. It’s one step at a time until they reach their goal.

4. What topics are covered?

Everything necessary to bring a client to a “readiness to buy” position. The topics and emphasis are customized according to the needs of the participants. Once you’ve completed these classes, you will no longer be intimidated by the home-purchase process. You will know all the financing options that are available, and which best serves your purpose. You will know what obstacles are standing in the way and will have received support and assistance in overcoming them.

Class #1:**Overcoming Credit Obstacles:** Understanding credit reports; steps to better credit

Class #2:**Overcoming Employment Obstacles:** Income needed to purchase; ideas on stabilizing; improving income

Class #3:**Budgeting:** Budget analysis; tracking, debt reduction, housing ratios; affordability, financing options

Class #4:**Savings:** Creative ways to save; understanding interest rates; costs associated with loans

Class #5:**Selecting a Home/Loans:** “Thinking like a banker;” calculating mortgage payments; terminology, loan options

Class #6:**Selecting a Home/Loans:** Calculating affordability; selecting a property; financing options; closing costs

Class #7:**The Home Purchase Process:** Applying for a loan; understanding contracts and settlement; assistance programs

Class #8:**Summary/Review Certificates and Celebration:** Postpurchase issues; personalized assessment and assistance

Remember: the classes are customized to fit the need of the participants, and thus may slightly vary from the above.

In summary, the HBC will educate, encourage, guide and help you to overcome barriers standing between you and home ownership. A pre-screening session will be scheduled before the evening classes begin.

The goal of the HomeBuyers Club is to help you to become a homeowner!

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SAMPLE HOMEBUYERS CLUB CURRICULUM

Duration: Five to 10 months
Class Length: 90 minutes each
Size: 10 to 15 per class (can vary)

Resources Needed

- **Staffing:** Coordinator to teach and facilitate each class. Babysitter for attendees needing child care.
- **Facilities:** Comfortable room to accommodate 15 people (and adjoining baby-sitting room).
- **Materials:** Loose-leaf binders, flip charts, markers, handouts and refreshments.
- **Volunteer:** Committee to give oversight and assistance; other volunteers as needed.

Summary of Classes

Suggested Presenters

Class 1: Introduction and Employment

Homebuyer Counselor or Loan Officer

Overview of program's structure, purpose and content; importance of stable income; monthly payments and rates; income needed to purchase; stabilizing and improving employment income; monthly goal-setting and tracking; how to obtain credit report.

Class 2: Credit

Volunteer from Nonprofit

Review credit history; understanding credit rating; steps to better credit.

Class 3: Budgeting Part I

Volunteer from Nonprofit

Detailed tracking of monthly expenses and purchases; budget analysis (fixed, controllable, and irregular expenses), setting monthly budgeting goals, choosing a savings plan.

Class 4: Budgeting Part II

Volunteer Lender

Debt reduction, gross vs. net income; housing costs; housing ratios; debt and housing affordability; local financing options for neighborhood properties.

Class 5: Savings

Volunteer Lender

Review of credit; importance of savings before *and* after purchase; ways to save money and make money grow; understanding interest rates (savings/loans/mortgages); types of savings and financial institutions; costs associated with various types of accounts.

Class 6: Selecting a Home and Loans, Part I

Homebuyer Counselor & Volunteer Lender

Loans and financial options; calculating mortgage payments; "thinking like a banker"; terminology; types of housing; characteristics of homes to consider; shopping for a home; good consumerism.

Class 7: Selecting a Home and Loans, Part II

Rehabilitation Specialist and Volunteer Realtor

Calculating affordability (review and application); housing and loans available from the organization; selecting a property from those available; financing options; inspecting a home; local opportunities to purchase affordable homes; overview of local housing codes; other costs associated with home ownership; appraisals.

Classes 8 and 9: The Home-Purchase Process

Homebuyer Counselor and Volunteer Attorney

Steps involved in purchase; applying for a loan; home-owners insurance; terminology; understanding contracts; settlement; local assistance programs.

Class 10: Review, Certificates and Celebration

Organization's Counselor or Loan Officer

Where to go from here; what you can or should do (additional individual assistance if needed).

Note: Topics may vary. Classes can run monthly, bimonthly, etc., according to the need and time availability of the participants and coordinator. The class composition will determine the number of sessions needed.



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